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**State:** Arkansas **Filing Company:** Shelter Mutual Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0002 Mobile Homeowners  
**Product Name:** MHO  
**Project Name/Number:** Jaegers/

## Filing at a Glance

Company: Shelter Mutual Insurance Company  
Product Name: MHO  
State: Arkansas  
TOI: 04.0 Homeowners  
Sub-TOI: 04.0002 Mobile Homeowners  
Filing Type: Rate/Rule  
Date Submitted: 02/06/2015  
SERFF Tr Num: SHEL-129913118  
SERFF Status: Closed-Filed  
State Tr Num:  
State Status:  
Co Tr Num: 03M27115  
  
Effective Date: 05/01/2015  
Requested (New):  
Effective Date: 05/01/2015  
Requested (Renewal):  
Author(s): Brian Marcks, Phyllis Partise, Dani McCarty  
Reviewer(s): Becky Harrington (primary)  
Disposition Date: 03/04/2015  
Disposition Status: Filed  
Effective Date (New): 05/01/2015  
Effective Date (Renewal): 05/01/2015

State Filing Description:

State: Arkansas

TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners

Product Name: MHO

Project Name/Number: Jaegers/

Filing Company: Shelter Mutual Insurance Company

## General Information

Project Name: Jaegers

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 03/04/2015

State Status Changed:

Created By: Brian Marcks

Corresponding Filing Tracking Number:

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Brian Marcks

Filing Description:

Rates and zone definitions have been revised for earthquake coverage.

The overall effect of this filing is expected to be a revenue increase of 0.1% or \$2,383.

## Company and Contact

### Filing Contact Information

Brian Marcks, Coordinator of Insurance

BCMarcks@shelterinsurance.com

Department Affairs

1817 West Broadway

573-214-4165 [Phone]

Columbia, MO 65218

573-446-7317 [FAX]

### Filing Company Information

Shelter Mutual Insurance

CoCode: 23388

State of Domicile: Missouri

Company

Group Code: 123

Company Type:

1817 West Broadway

Group Name:

State ID Number:

Columbia, MO 65218

FEIN Number: 43-0613000

(573) 445-8441 ext. [Phone]

## Filing Fees

Fee Required?

Yes

Fee Amount:

\$100.00

Retaliatory?

No

Fee Explanation:

\$100 per rate/rule filing.

Per Company:

No

Company	Amount	Date Processed	Transaction #
Shelter Mutual Insurance Company	\$100.00	02/06/2015	92138228

State:	Arkansas	Filing Company:	Shelter Mutual Insurance Company
TOI/Sub-TOI:	04.0 Homeowners/04.0002 Mobile Homeowners		
Product Name:	MHO		
Project Name/Number:	Jaegers/		

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/04/2015	03/04/2015

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	02/06/2015	02/06/2015

#### Response Letters

Responded By	Created On	Date Submitted
Brian Marcks	03/02/2015	03/02/2015

<b>State:</b>	Arkansas	<b>Filing Company:</b>	Shelter Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	04.0 Homeowners/04.0002 Mobile Homeowners		
<b>Product Name:</b>	MHO		
<b>Project Name/Number:</b>	Jaegers/		

## Disposition

Disposition Date: 03/04/2015  
Effective Date (New): 05/01/2015  
Effective Date (Renewal): 05/01/2015  
Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Shelter Mutual Insurance Company	%	0.100%	\$2,383	4,827	\$3,115,823	4.200%	-6.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	Explanatory Memorandum	Filed	Yes
Supporting Document	Histogram	Filed	Yes
Supporting Document	Response of March 2: Objection 1	Filed	Yes
Supporting Document	Response of March 2: Objection 2	Filed	Yes
Rate	General Rules Page	Filed	Yes

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**State:** Arkansas  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0002 Mobile Homeowners  
**Product Name:** MHO  
**Project Name/Number:** Jaegers/  
**Filing Company:** Shelter Mutual Insurance Company

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	02/06/2015
Submitted Date	02/06/2015
Respond By Date	

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Dear Brian Marcks,

**Introduction:**

*This will acknowledge receipt of the captioned filing.*

**Objection 1**

*Comments: Please provide specific details regarding the changes to earthquake zones and rates.*

**Objection 2**

*- General Rules Page, GR-22 (Rate)*

*Comments: Provide additional documentation supporting the age of home factors.*

**Conclusion:**

*NOTICE regarding, corrections to filings and scrivener's Errors:*

*Arkansas does not allow the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."*

*In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.*

*Sincerely,*

*Becky Harrington*

State:	Arkansas	Filing Company:	Shelter Mutual Insurance Company
TOI/Sub-TOI:	04.0 Homeowners/04.0002 Mobile Homeowners		
Product Name:	MHO		
Project Name/Number:	Jaegers/		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	03/02/2015
Submitted Date	03/02/2015

Dear Becky Harrington,

### Introduction:

Reference is made to your note of February 6. Following are responses to your questions in the same order as they appeared in the note.

### Response 1

#### Comments:

Attached is additional detail regarding the revised earthquake rates and revised earthquake zone definitions.

### Related Objection 1

Comments: Please provide specific details regarding the changes to earthquake zones and rates.

### Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response of March 2: Objection 1
Comments:	Please see attachments.
Attachment(s):	AR MHO rate change proposal.pdf AR Map.pdf EARTHQUAKE ZONE DEFINITIONS.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 2

#### Comments:

We utilized the RMS RiskLink Version 13.1 Model in developing the revisions submitted in this filing. Attached is documentation from RMS regarding Year of Construction and support for the Age of Construction factors we filed.

### Related Objection 2

Applies To:

State:	Arkansas	Filing Company:	Shelter Mutual Insurance Company
TOI/Sub-TOI:	04.0 Homeowners/04.0002 Mobile Homeowners		
Product Name:	MHO		
Project Name/Number:	Jaegers/		

- General Rules Page, GR-22 (Rate)

Comments: Provide additional documentation supporting the age of home factors.

**Changed Items:**

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response of March 2: Objection 2
Comments:	Please see attachments.
Attachment(s):	RMS Year of Construction Documentation.pdf AR Year factor explanation.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**

I hope this helps. Please let me know if you have questions.

Sincerely,

Brian Marcks

<b>State:</b>	Arkansas	<b>Filing Company:</b>	Shelter Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	04.0 Homeowners/04.0002 Mobile Homeowners		
<b>Product Name:</b>	MHO		
<b>Project Name/Number:</b>	Jaegers/		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	File and Use
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	-0.030%
<b>Effective Date of Last Rate Revision:</b>	05/15/2014
<b>Filing Method of Last Filing:</b>	File and Use

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Shelter Mutual Insurance Company	%	0.100%	\$2,383	4,827	\$3,115,823	4.200%	-6.000%



<b>State:</b>	Arkansas	<b>Filing Company:</b>	Shelter Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	04.0 Homeowners/04.0002 Mobile Homeowners		
<b>Product Name:</b>	MHO		
<b>Project Name/Number:</b>	Jaegers/		

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 03/04/2015	General Rules Page	GR-22	Replacement		Proposed Manual Page GR 22.pdf

## 6. EARTHQUAKE COVERAGE (B-422-B)

Coverage for the peril of earthquake may be provided by endorsement. This coverage will apply to all Section I coverages for the same limits as provided under the policy. The deductible for the Earthquake Damage Assumption Endorsement is based on a percent of the amount of insurance for each coverage and is applied separately to each coverage.

- ZONE 1 -- Clay, Craighead, Crittenden, Cross, Greene, Jackson, Mississippi, Poinsett, and St. Francis Counties.
- ZONE 2 -- Arkansas, Independence, Jefferson, Lawrence, Lee, Lonoke, Monroe, Phillips, Prairie, Randolph, Sharp, White, and Woodruff Counties.
- ZONE 3 -- Ashley, Baxter, Bradley, Chicot, Cleburne, Cleveland, Conway, Desha, Drew, Faulkner, Fulton, Grant, Izard, Lincoln, Perry, Pulaski, Saline, Stone, and Van Buren Counties.
- ZONE 4 -- Remainder of State.

**Property located in the following counties MUST be written with a minimum Earthquake deductible of 15%:** Arkansas, Clay, Craighead, Crittenden, Cross, Greene, Independence, Jackson, Lawrence, Lee, Mississippi, Monroe, Phillips, Poinsett, Prairie, Randolph, Sharp, St. Francis, White and Woodruff

### Earthquake Coverage - Rates per \$1,000

		Coverage A	Incr Lmts/Added Other Structures	Increased Limits Personal Property	Increased Limits ALE/Loss of Rents	Loss Assessments
Zones	Ded.	All Construction	All Construction	All Construction	All Construction	All Construction
1	15%	\$1.41	\$1.29	\$0.66	\$1.19	\$1.29
1	20%	\$1.32	\$1.22	\$0.54	\$1.19	\$1.22
1	25%	\$1.24	\$1.14	\$0.44	\$1.19	\$1.14
2	5%	\$0.89	\$0.82	\$0.46	\$0.39	\$0.82
2	10%	\$0.79	\$0.72	\$0.36	\$0.39	\$0.72
2	15%	\$0.69	\$0.62	\$0.26	\$0.39	\$0.62
2	20%	\$0.64	\$0.57	\$0.21	\$0.39	\$0.57
2	25%	\$0.60	\$0.53	\$0.16	\$0.39	\$0.53
3	5%	\$0.69	\$0.52	\$0.25	\$0.21	\$0.52
3	10%	\$0.52	\$0.46	\$0.20	\$0.21	\$0.46
3	15%	\$0.48	\$0.41	\$0.15	\$0.21	\$0.41
3	20%	\$0.44	\$0.36	\$0.12	\$0.21	\$0.36
3	25%	\$0.41	\$0.33	\$0.10	\$0.21	\$0.33
4	5%	\$0.17	\$0.12	\$0.06	\$0.05	\$0.12
4	10%	\$0.15	\$0.10	\$0.05	\$0.05	\$0.10
4	15%	\$0.13	\$0.09	\$0.04	\$0.05	\$0.09
4	20%	\$0.11	\$0.08	\$0.03	\$0.05	\$0.08
4	25%	\$0.10	\$0.07	\$0.02	\$0.05	\$0.07

AGE FACTOR					
Coverage A , Incr Lmts/Added Personal Prop, ALE/Loss of Rents, and Loss Assessment			Increased Limits and Added Other Structures		
Age of Construction	Frame	All Other	Age of Construction	Frame	All Other
Prior to 1937	1.21	1.13	All	1.00	1.00
1937 to 1991	1.15	1.09			
1992 to 2000	1.04	1.02			
2001 to Present	1.00	1.00			

<b>State:</b>	Arkansas	<b>Filing Company:</b>	Shelter Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	04.0 Homeowners/04.0002 Mobile Homeowners		
<b>Product Name:</b>	MHO		
<b>Project Name/Number:</b>	Jaegers/		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	Please see attachment.
<b>Attachment(s):</b>	AR MHO RF1.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	03/04/2015

<b>Bypassed - Item:</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp
<b>Bypass Reason:</b>	This is an independent rate/rule filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Explanatory Memorandum
<b>Comments:</b>	Please see attachment.
<b>Attachment(s):</b>	MHO Explanatory Memo.pdf AR MHO Revenue Summation.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	03/04/2015

<b>Satisfied - Item:</b>	Histogram
<b>Comments:</b>	Please see attachment.
<b>Attachment(s):</b>	MHO Graph.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	03/04/2015

<b>Satisfied - Item:</b>	Response of March 2: Objection 1
<b>Comments:</b>	Please see attachments.
<b>Attachment(s):</b>	AR MHO rate change proposal.pdf AR Map.pdf EARTHQUAKE ZONE DEFINITIONS.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	03/04/2015

<b>Satisfied - Item:</b>	Response of March 2: Objection 2
<b>Comments:</b>	Please see attachments.

<b>SERFF Tracking #:</b>	SHEL-129913118	<b>State Tracking #:</b>		<b>Company Tracking #:</b>	03M27115
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<b>State:</b>	Arkansas	<b>Filing Company:</b>	Shelter Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	04.0 Homeowners/04.0002 Mobile Homeowners		
<b>Product Name:</b>	MHO		
<b>Project Name/Number:</b>	Jaegers/		

<b>Attachment(s):</b>	RMS Year of Construction Documentation.pdf AR Year factor explanation.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	03/04/2015

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

<b>1.</b>	This filing transmittal is part of Company Tracking #	03M27115
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
<b>3.</b>	<b>A.</b> Shelter Mutual Insurance Company	<b>B.</b>	23388

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)	
<b>4.</b>	<b>A.</b> Shelter Mutual Homeowners	<b>B.</b>	Mobile Homeowners

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Mobile Homeowners	N/A	0.1	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT		0.1					

6. 5 Year History		Rate Change History						7.	
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio	Expense Constants	Selected Provisions
2010	4,433			2,556	1,081	42.3	54.5	A. Total Production Expense	16.3
2011	4,455	4.5	6-7-2012	2,702	1,882	69.6	93.5	B. General Expense	7.2
2012	4,627	-0.03	5-15-2014	2,754	1,349	54.2	78.4	C. Taxes, Licenses & Fees	2.6
2013	4,564			2,897	1,299	44.8	71.7	D. Underwriting Profit & Contingencies	6.6
2014	4,827			3,011	1,602	53.2	60.1	E. Other (explain)	
								F. TOTAL	32.7

- 8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)  
**9.** 4.2 Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): 38  
**10.** -6.0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 87

**SHELTER MUTUAL INSURANCE COMPANY  
ARKANSAS MOBILE HOMEOWNERS  
EXPLANATORY MEMORANDUM**

**SUMMARY**

Earthquake Rates and Zones have been revised.

The overall change in revenue is 0.1% for \$2,383.

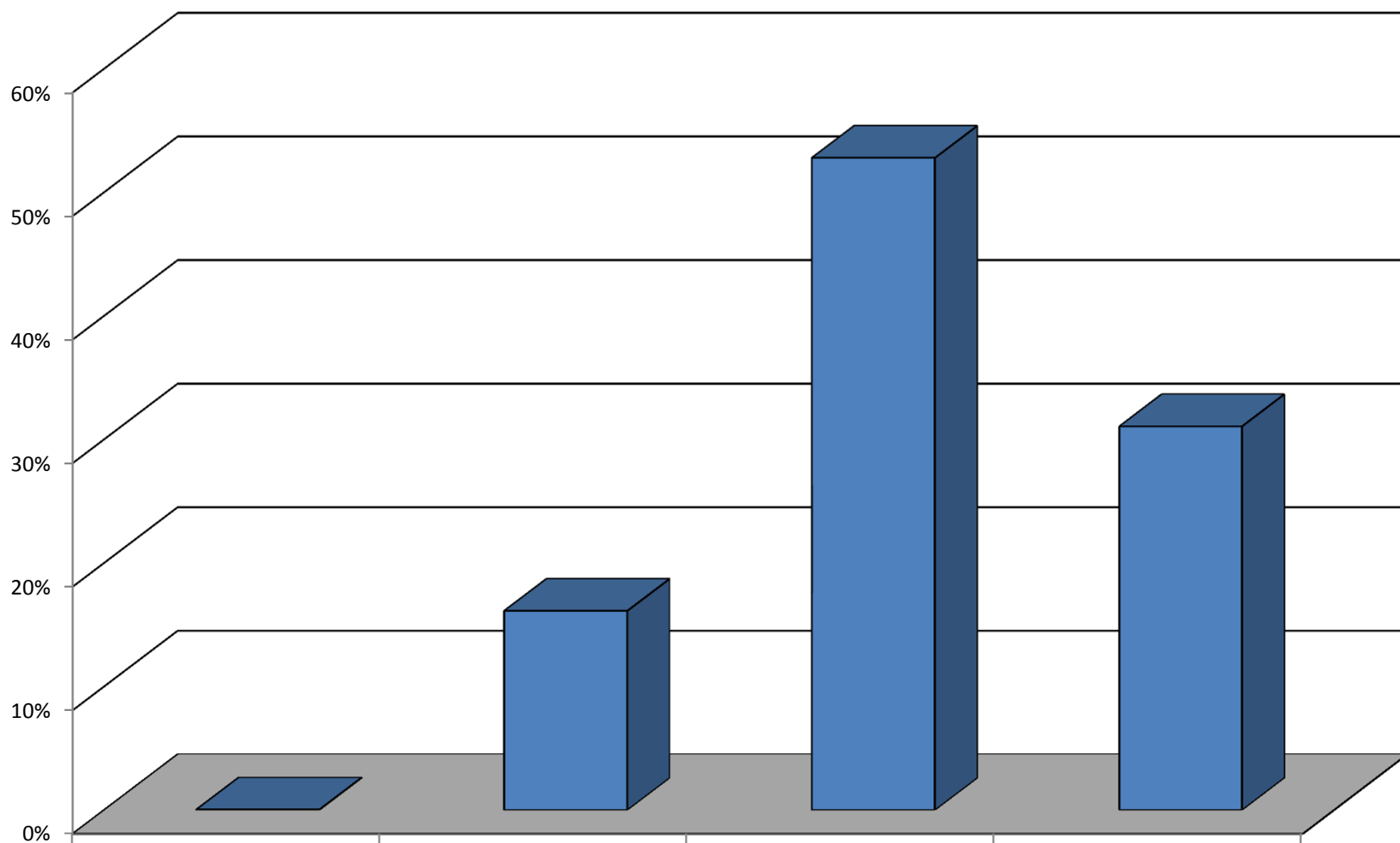
**GENERAL RULE (GR) PAGES**

**GR-22    6.   EARTHQUAKE COVERAGE -** Rates and Zones for Earthquake Coverage have been revised.

**Shelter Mutual Insurance Company**  
**Revenue Summation**  
**Arkansas Mobile Homeowners**

	Annual Policy Premium	Proposed Change	
		%	\$
Earthquake Coverage		0.1	<b>2,383</b>
<b>Total Revenue Change</b>	<b>3,115,823</b>	0.1	<b>2,383</b>

# Shelter Mutual Insurance Arkansas Mobile Homeowners Distribution of Rate Change



% of Policies

-5% to -10%

Count: 2

0.04%

0% to -5%

Count: 778

16.12%

no change

Count: 2,548

52.79%

0% to 5%

Count: 1,499

31.05%



## Arkansas Earthquake Rate Change Proposal: MHO Base Rate Detail

Current Cov A Rate			
Current Zone	Deductible	Construction	
		Frame	Masonry

3	5		
3	10		
3	15	1.22	1.71
3	20	1.15	1.62
3	25	1.09	1.53
4	5		
4	10		
4	15	0.59	0.93
4	20	0.56	0.88
4	25	0.53	0.83
5	5	0.66	1.04
5	10	0.46	0.78
5	15	0.44	0.74
5	20	0.41	0.70
5	25	0.39	0.66
6	5	0.58	0.94
6	10	0.40	0.72
6	15	0.38	0.68
6	20	0.36	0.65
6	25	0.34	0.61

Proposed Cov A Rate			
Proposed Zone	Deductible	Construction	
		Frame	Masonry

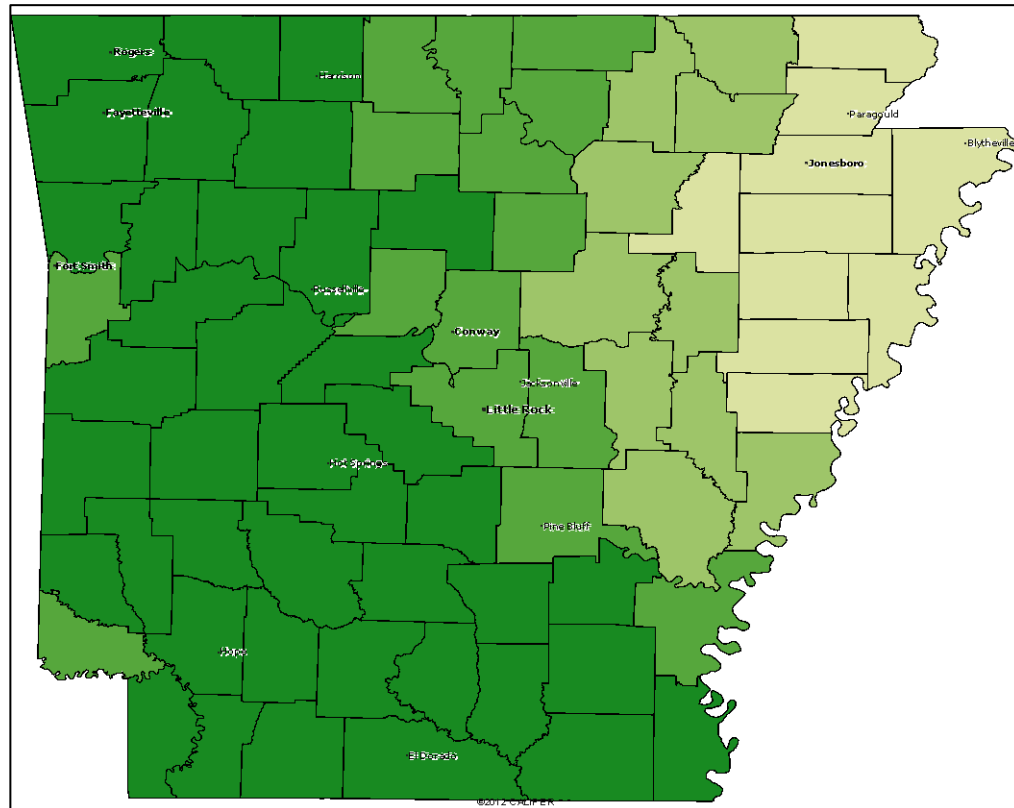
1	5		
1	10		
1	15	1.41	2.07
1	20	1.32	1.95
1	25	1.24	1.84
2	5		
2	10		
2	15	0.69	1.12
2	20	0.64	1.05
2	25	0.6	0.97
3	5	0.69	1.10
3	10	0.52	0.87
3	15	0.48	0.81
3	20	0.44	0.76
3	25	0.41	0.70
4	5	0.17	0.30
4	10	0.15	0.27
4	15	0.13	0.24
4	20	0.11	0.21
4	25	0.10	0.19

Percentage Change (Corresponding Zones)			
Proposed Zone	Deductible	Construction	
		Frame	Masonry

1	5		
1	10		
1	15	16%	21%
1	20	15%	20%
1	25	14%	20%
2	5		
2	10		
2	15	17%	20%
2	20	15%	19%
2	25	14%	16%
3	5	5%	6%
3	10	13%	12%
3	15	10%	9%
3	20	6%	8%
3	25	5%	6%
4	5	-71%	-68%
4	10	-63%	-63%
4	15	-66%	-65%
4	20	-69%	-68%
4	25	-71%	-69%

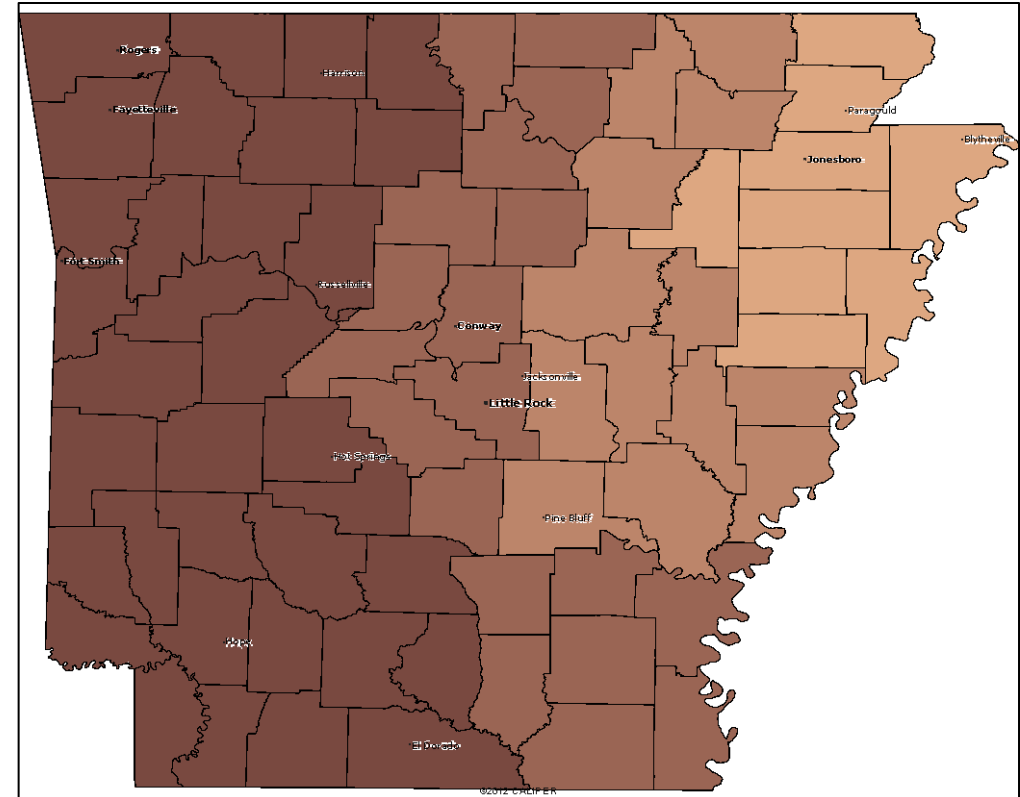
## Current and Proposed EQ Zones

### Shelter Current Homeowners EQ Zones



NOTE: Light Green Highest Rated Zone, Darkest Green Lowest. (Numbered 3,4,5,6)  
Lightest two shades of green have 15% minimum deductible.

### Shelter Proposed Homeowners EQ Zones



Note: Lightest brown Highest rated zone, darkest brown lowest rated.  
Numbered 1, 2, 3, 4  
No change in counties that require 15% deductible.

# CURRENT AND PROPOSED EARTHQUAKE ZONE DEFINITIONS

## CURRENT

- ZONE 3 -- \*Clay, \*Craighead, \*Crittenden, \*Cross, \*Greene, \*Jackson, \*Lee, \*Mississippi, \*Poinsett and \*St. Francis Counties.
- ZONE 4 -- \*Arkansas, \*Independence, \*Lawrence, \*Monroe, \*Phillips, \*Prairie, \*Randolph, \*Sharp, \*White and \*Woodruff Counties.
- ZONE 5 -- Baxter, Cleburne, Conway, Desha, Faulkner, Fulton, Izard, Jefferson, Little River, Lonoke, Marion, Pulaski, Searcy, Sebastian and Stone Counties.
- ZONE 6 -- Remainder of State.

**\*Property located in these counties MUST be written with a minimum Earthquake deductible of 15%.**

## PROPOSED

- ZONE 1 -- Clay, Craighead, Crittenden, Cross, Greene, Jackson, Mississippi, Poinsett, and St. Francis Counties.
- ZONE 2 -- Arkansas, Independence, Jefferson, Lawrence, Lee, Lonoke, Monroe, Phillips, Prairie, Randolph, Sharp, White, and Woodruff Counties.
- ZONE 3 -- Ashley, Baxter, Bradley, Chicot, Cleburne, Cleveland, Conway, Desha, Drew, Faulkner, Fulton, Grant, Izard, Lincoln, Perry, Pulaski, Saline, Stone, and Van Buren Counties.
- ZONE 4 -- Remainder of State.

**Property located in the following counties MUST be written with a minimum Earthquake deductible of 15%:** Arkansas, Clay, Craighead, Crittenden, Cross, Greene, Independence, Jackson, Lawrence, Lee, Mississippi, Monroe, Phillips, Poinsett, Prairie, Randolph, Sharp, St. Francis, White and Woodruff

From the RMS "North America Earthquake Model Methodology" documentation:

## Year of Construction

The vulnerability of a building changes when seismic codes are updated or significant changes occur in construction practices. Vulnerability functions are different across the following year bands for Eastern and Western U.S. and Canada.

### ***Year Bands - Eastern U.S.***

Building code enactment and enforcement varies among the eastern states as well as jurisdictions within states. As of 1992, the Standard Building Code (SBC) and the National Building Code (NBC) have adopted mandatory seismic design requirements. The year bands available for states in the eastern U.S. include:

***Table 57: Year Bands Available for Eastern U.S. States***

<b>Steel Moment Resisting Frames</b>	Pre - 1937
	1937 - 1991
	1992 - 1995
	Post 1995
<b>All Other Construction Classes</b>	Pre - 1937
	1937 - 1991
	1992 - 2000
	Post 2000

### Support for the Age of Construction Factors

We utilized the RMS RiskLink Version 13.1 model. The output from the model gave us the following year factors for both the HO3 and HO5 lines of business:

LINE	Year	Frame Factor	Masonry Factor
HO3	1936 and Earlier	1.048	1.572
HO3	1937 to 1991	0.953	1.481
HO3	1992 to 2000	0.797	1.300
HO3	2001 and later	0.736	1.255
HO5	1936 and Earlier	1.272	1.945
HO5	1937 to 1991	1.154	1.829
HO5	1992 to 2000	0.960	1.598
HO5	2001 and later	0.885	1.542

As we wanted to use a single year factor to cover every line of business, we took an average of the HO3 and HO5 factor and came up with the following:

LINE	Year	Frame Factor	Masonry Factor
HO3 and HO5	1936 and Earlier	1.160	1.759
HO3 and HO5	1937 to 1991	1.054	1.655
HO3 and HO5	1992 to 2000	0.879	1.449
HO3 and HO5	2001 and later	0.810	1.398

Next, we normalized the data so that the Frame and Masonry factor for years 2001 and later was equal to 1.00. We did this by dividing each of the frame factors by 0.810, and each of the masonry factors by 1.398. After rounding to two decimal places, this gave us:

LINE	Year	Frame Factor	Masonry Factor
HO3 and HO5	1936 and Earlier	1.43	1.26
HO3 and HO5	1937 to 1991	1.30	1.18
HO3 and HO5	1992 to 2000	1.08	1.04
HO3 and HO5	2001 and later	1.00	1.00

Finally, to minimize the impact of the rate increases, we took only half of the factor relativity increases. This gave us the following factors that are in the filing:

LINE	Year	Frame Factor	Masonry Factor
HO3 and HO5	1936 and Earlier	1.21	1.13
HO3 and HO5	1937 to 1991	1.15	1.09
HO3 and HO5	1992 to 2000	1.04	1.02
HO3 and HO5	2001 and later	1.00	1.00

Note: Due to Shelter's lack of exposure in Farmowners and Mobile Home, we decided to use the above year factors for both of those lines as well.